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INTERGOVERNMENTAL RELATIONS

TORONTO, , 1977 -- In the introduction to a volume of papers released today, the Ontario Economic Council has called for the "guiding principle" of Confederation to be "as much decentralization as possible." It has also called for the maintenance of fiscal responsibility by requiring each level of government to raise from its own citizens most of the money it spends. The papers, collected under the general title INTERGOVERNMENTAL RELATIONS are to be used as a basis for discussion at the upcoming Outlook and Issues Conference sponsored by the O.E.C. on Monday, April 25, at The Prince Hotel in Toronto.

The introduction begins with the assertion that Canadians have their present system of government because "it is our common interests and our common feelings that not only explain but justify a confederation rather than ten (or more) separate, distinct and sovereign governments." However, says the Council, this form of government is not "without its costs." "Intergovernmental tensions are endemic and some degree of intergovernmental duplication is unavoidable."

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Some of these tensions, the Council concludes are solvable. With the issue of language for example, "the Council believes that most children in Ontario (and other provinces too) should and could be functionally bilingual at an early age." (Page 2)

Equally, the Council argues that present tensions arising out of the 'windfall gains' accruing to some provinces in the exploitation of energy resources could be eased if a formula were adopted which "would apportion among the contending parties the windfall gains (and losses) arising from long-term changes in the world prices of the products of Canada's natural resources." (Page 5)

Artificial internal barriers impede all forms of internal communication says the Council, and these should be minimized or eliminated whenever possible. However, the federal government has a vital role to play in ensuring that each region of the country does not suffer at the hands of any other. Thus, "the Council strongly supports some form of equalization payments. In a sense they are a basic ingredient in the glue that binds Canada together, however precariously." (Page 5)

Economic stabilization and continued prosperity in Canada is predominantly a matter for federal concern, because the federal government controls the money supply and a substantial part of fiscal policy. However, there are certain "structural changes" says the Council which the provinces can undertake to augment federal action. Among them; reducing the power of special interest groups; increasing the incentives for private investment; improving industrial relations; and introducing changes in the educational system to help create a better match of jobs and people.

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The Council believes in the implicit validity of provincial constitutional rights and "believes that the Government of Ontario should resist any effort by the federal government to patriate the BNA Act unilaterally" (Page 7) However the Council warns that provincial relations with local governments must also avoid over-centralization. "The imposition of central priorities, centrally-imposed inducements and central controls that override differences in local needs, priorities and conditions is as seductive to politicians at Queen's Park as to those on Parliament Hill!" (Page 8)

Thus the Council concludes, the "guiding principle" of Confederation, and indeed, governmental relations at all levels must be "as much decentralization as possible." (Page 8) This is essential says the Council, "to reflect differences among communities while maintaining at the centre only those powers and responsibilities in which there is a common interest." (Page 8)

The Ontario Economic Council, established in 1962 as an autonomous advisor to government, undertakes research and policy studies to encourage the optimum development of the human and material resources of Ontario and to support the advancement of all sectors of the province.

For more information on the Council, its activities and publications or the Outlook and Issues '77 Conference, contact:

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NOTE: Selected quotations attached

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INTERGOVERNMENTAL RELATIONS

A study published by the Ontario Economic Council as a basis for discussion at the Outlook and Issues '77 Conference, April 25, 1977. The study contains a number of papers by experts in various areas of intergovernmental studies.

The following are selected quotations from these papers:

It can also be argued that there is a need for a massive decentralization of powers not just to Quebec, but to all the provinces. This should convince the residents of Quebec, Alberta and other provinces with strong regional grievances that their own governments have the powers they need. (Page 22)

If decentralization were achieved by simply passing on both taxing and spending power to lower levels of government, then differences in the per capita taxable capacity of different regions would mean individuals in similar economic circumstances, but living in different provinces, would bear very different tax loads or enjoy disparate levels of public services. (Page 43)

Quebec separatism might conceivably, though perhaps not likely, develop thus far and no farther, that is, it would be still within a single national tariff wall against the rest of the world (the common market idea) and its currency would coexist with a national currency (a modified form of monetary union). (Page 96)

Ontario should support the implementation of a comprehensive federal-provincial revenue stabilization scheme designed to insulate all provinces from major cyclical swings in their revenues. (Page 134)

While tax sharing has its advantages in terms of providing a guaranteed growth-based tax there are constitutional matters which may make it difficult to have the third tier of government directly involved in tax sharing. Since local governments have no constitutional status and are basically a creature of provincial governments, a growth-based per capita grant of an unconditional nature may be more feasible. (Page 146)

If municipalities could tax away part of the gains to land development they would have greater incentive to speed the process of development approval. If they could charge more for the use of expensive city roads now provided almost free to users, they might make decisions about transportation investments more rationally. (Page 160)

